



To: General Assembly of the State of Missouri

From: Health and Educational Facilities Authority of the State of Missouri
Contact: Michael J. Stanard, Executive Director
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Date: August 13, 2019

Re: Report as to the Funding of Certain Capital Improvement Projects for School Districts Per
Section 360.106(12) RSMo.

Purpose.

This Report is being provided pursuant to Section 360.106(12) RSMo. by the Health and Educational Facilities Authority of the State of Missouri (the "Authority").

Background on the Missouri School District Direct Deposit Program.

Sections 360.106 and 360.111 RSMo. (the "Act") direct the Authority to assist Missouri school districts by developing a Program providing credit enhancement for districts' voter-approved general obligation bonds. The program is named the Missouri School District Direct Deposit Program (the "Program"). The guidelines and application materials originally developed for the Program, along with revisions and amendments made since inception of the Program, have been very functional.

The Program provides credit enhancement for the bonds of the participating school districts by the "direct deposit" from the State of Missouri to a trustee an amount equal to the district's bond debt service out of a portion of the school district's state aid payments. The district then uses its funds that it would otherwise use for bond debt service for the purposes the deposited state aid would have covered. This procedure has resulted in credit ratings on the school districts' bonds being based to a large extent on the high credit quality of the State. Through extensive negotiations the Authority was able to secure extremely high program ratings for all Missouri school districts participating in the Program (i.e. "AA+" from Standard & Poor's, "Aa1" from Moody's Investors Service and "AA+" from Fitch Investors Service). Few other states have been able to offer school districts the opportunity to access national capital markets with credit ratings this high. The resulting lower interest rates payable on the bonds provide great savings to the districts. The credit enhancement of district bonds is at no cost to the districts or any increase in state aid funding. The State funds Program administrative charges.

Operation of the Program July 1, 2018 through June 30, 2019.

The Act became effective August 28, 1995. The Program was available immediately and has been available since that date. The reporting date requirement for the Program is August 15 for the preceding Program Fiscal Year ending June 30 of each year. Accordingly, this report will cover the Program Fiscal Year 2019 from July 1, 2018 through June 30, 2019.

The following are some relevant statistics on the operation of the Program from July 1, 2018 through June 30, 2019:

Number of districts participating:

Bonds for new capital projects -	65
Bonds for refunding of bonds previously issued for capital projects -	6
Bonds for both new & refunding -	<u>5</u>
TOTAL:	76

Dollar amount of bonds issued: \$705,885,000

Bond issues for larger districts:

(enrollment 4,000 or more students) 17 Aggregating \$448,025,000

Bond issues for medium districts:

(enrollment 1000-3,999 students) 29 Aggregating \$186,710,000

Bond issues for smaller districts:

(enrollment fewer than 1000 students) 30 Aggregating \$71,150,000

A spreadsheet listing the school districts, which participated from July 1, 2018 through June 30, 2019, and other relevant information as to their bond issues is included herewith as an enclosure.

Volume of Activity in Fiscal Year 2019

The total of 76 school district bond issues participating in the Program in Fiscal Year 2019 was lower than the average number of transactions per year since Program inception. The total bond issuance of \$705,885,000 was very close to average historical dollar amount issued by participating districts in a fiscal year. The ongoing low interest rate environment continues to provide school districts with beneficial financing options for both new money projects as well as opportunities for current refunding of prior Program bonds to take advantage of the lower interest rates. The Program continues to provide significant savings to participating districts through the "AA+" credit rating and the accompanying reduction in school district bond issue interest payments.

Historical Program Activity.

<u>Fiscal Year</u>	<u>Total Volume</u>	<u>Total Bond Issues</u>
1996	\$106,169,494	32
1997	\$263,613,998	68
1998	\$444,759,273	91
1999	\$805,998,704	133
2000	\$729,057,675	143
2001	\$518,063,012	89
2002	\$685,743,030	92
2003	\$715,511,894	144
2004	\$497,483,058	127
2005	\$732,731,362	121
2006	\$751,544,941	95
2007	\$821,920,533	95
2008	\$482,715,000	77
2009	\$410,939,997	81
2010	\$645,512,512	170
2011	\$754,830,519	174
2012	\$829,016,936	145
2013	\$782,695,682	139
2014	\$792,804,121	119
2015	\$639,691,299	127
2016	\$831,258,495	124
2017	\$854,527,682	119
2018	\$1,030,119,963	119
2019	\$705,885,000	76
24 years	\$15,832,594,180	2700 issues

Recommendations Regarding the Act and the Program.

Principal Recommendation - Continuance of Program. It is the strong recommendation of the Authority that the Act and the Program be continued at the historical funding level adequate to cover Program administrative expenses including credit rating agency charges thus making the Program and its reduction of school district interest expense possible. The lower interest costs made possible by the Program allow Missouri school districts to afford, at a more reasonable expense, capital projects that they might otherwise have difficulty completing. Through the Program, many school districts which were previously unrated or had lower credit ratings have access to the capital markets at "AA+" interest rates. This is of great benefit for small, medium and large districts in Missouri especially the many rural and/or small districts in the State.

No Amendments to the Act Suggested at this Time. The Authority believes that the Program, pursuant to the Act, is functioning well in all respects. The Authority recommends that no amendments be made to the Act in Fiscal Year 2020.

Conclusion.

The Authority believes that the Act and the Program are instrumental in lowering the cost of capital project needs of Missouri school districts with no increase in state aid and at only a modest administrative cost to the State and definitely should be continued as stated herein.

SCHOOL	DISTRICT #	STUDENT ENROLL.	COUNTY	PROJECT DATE	TOTAL SIZE	NEW MONEY AMOUNT	REFUNDING AMOUNT
1 Orchard Farm R-V	092-091	2,005	St. Charles	07/02/18	\$ 18,400,000.00	\$ 18,400,000.00	\$ -
2 Hallsville R-IV	010-089	1,391	Boone	07/03/18	\$ 7,000,000.00	\$ 7,000,000.00	\$ -
3 Northwest R-I	050-001	6,414	Jefferson	07/03/18	\$ 15,500,000.00	\$ 14,500,000.00	\$ 1,000,000.00
4 Harrisburg R-VIII	010-092	594	Boone	07/02/18	\$ 2,250,000.00	\$ 2,250,000.00	\$ -
5 Hollister R-V	106-005	1,439	Taney	07/10/18	\$ 3,050,000.00	\$ 3,050,000.00	\$ -
6 Marionville R-IX	055-106	755	Lawrence	07/11/18	\$ 2,000,000.00	\$ 2,000,000.00	\$ -
7 Pleasant Hill R-III	019-148	2,361	Cass	07/10/18	\$ 9,000,000.00	\$ 9,000,000.00	\$ -
8 Chadwick R-I	022-088	259	Christian	07/10/18	\$ 1,900,000.00	\$ 1,900,000.00	\$ -
9 Crane R-III	104-043	647	Stone	07/11/18	\$ 1,250,000.00	\$ 1,250,000.00	\$ -
10 Miller R-II	055-104	560	Lawrence	07/12/18	\$ 1,250,000.00	\$ 1,250,000.00	\$ -
11 Lakeland R-III	093-123	414	St. Clair	07/12/18	\$ 2,500,000.00	\$ 2,500,000.00	\$ -
12 Santa Fe R-X	054-042	306	Lafayette	09/19/18	\$ 3,305,000.00	\$ 3,305,000.00	\$ -
13 Oak Ridge R-VI	016-094	371	Cape Girardeau	07/17/18	\$ 2,600,000.00	\$ 2,600,000.00	\$ -
14 Southern Boone County R-I	010-087	1,607	Boone	07/10/18	\$ 4,785,000.00	\$ 4,785,000.00	\$ -
15 Diamond R-IV	073-102	839	Newton	07/11/18	\$ 3,000,000.00	\$ 3,000,000.00	\$ -
16 Dixon R-I	085-048	970	Pulaski	08/09/18	\$ 2,800,000.00	\$ 2,800,000.00	\$ -
17 St. James R-I	081-094	1,837	Phelps	09/05/18	\$ 4,000,000.00	\$ 4,000,000.00	\$ -
18 Union R-XI	036-131	3,139	Franklin	09/06/18	\$ 9,500,000.00	\$ 9,500,000.00	\$ -
19 Independence 30	048-077	15,156	Jackson	09/27/18	\$ 19,165,000.00	\$ -	\$ 19,165,000.00
20 Park Hill	083-005	11,667	Platte	10/16/18	\$ 23,285,000.00	\$ 23,285,000.00	\$ -
21 Blue Springs R-IV	048-069	14,621	Jackson	10/09/18	\$ 49,000,000.00	\$ 49,000,000.00	\$ -
22 Lawson R-XIV	089-080	1,146	Ray	10/10/18	\$ 2,500,000.00	\$ 2,500,000.00	\$ -
23 Ferguson Florissant R-II	096-089	11,000	St. Louis	10/24/18	\$ 8,060,000.00	\$ 8,060,000.00	\$ -
24 Liberal R-II	006-101	425	Barton	10/30/18	\$ 3,000,000.00	\$ 3,000,000.00	\$ -
25 Blue Springs R-IV 2018B	048-068	14,621	Jackson	12/03/18	\$ 3,705,000.00	\$ -	\$ 3,705,000.00
26 Dunklin R-V	050-005	1,733	Jefferson	12/04/18	\$ 7,945,000.00	\$ 6,000,000.00	\$ 1,945,000.00
27 Bloomfield R-XIV	103-131	696	Stoddard	11/28/18	\$ 1,350,000.00	\$ 1,350,000.00	\$ -
28 Warrensburg R-VI	051-159	3,366	Johnson	12/04/18	\$ 6,385,000.00	\$ -	\$ 6,385,000.00
29 Francis Howell R-III	092-088	17,979	St. Charles	12/04/18	\$ 6,035,000.00	\$ -	\$ 6,035,000.00
30 Wentzville R-IV	092-089	16,375	St. Charles	12/04/18	\$ 157,290,000.00	\$ 125,000,000.00	\$ 32,290,000.00
31 Normandy	096-109	3,181	St. Louis	01/10/19	\$ 10,000,000.00	\$ 10,000,000.00	\$ -
32 Shawnee R-III	042-113	50	Henry	02/28/19	\$ 515,000.00	\$ 210,000.00	\$ 305,000.00
33 Poplar Bluff R-I	012-109	5,399	Butler	02/26/19	\$ 1,950,000.00	\$ -	\$ 1,950,000.00
34 Grain Valley R-V	048-069	4,251	Jackson	01/31/19	\$ 3,000,000.00	\$ 3,000,000.00	\$ -
35 Pleasant Hill R-III	019-148	1,236	Cass	03/06/19	\$ 4,000,000.00	\$ 4,000,000.00	\$ -
36 Union R-XI	036-131	3,099	Franklin	04/04/19	\$ 9,500,000.00	\$ 9,500,000.00	\$ -
37 Blue Springs R-IV	048-068	14,578	Jackson	05/01/19	\$ 50,000,000.00	\$ 50,000,000.00	\$ -
38 Green City R-I	105-123	306	Sullivan	05/06/19	\$ 2,000,000.00	\$ 2,000,000.00	\$ -
39 Verona R-VII	055-111	416	Lawrence	05/09/19	\$ 3,150,000.00	\$ 3,150,000.00	\$ -
40 Dexter R-XI	103-132	2,087	Stoddard	05/07/19	\$ 5,500,000.00	\$ 5,500,000.00	\$ -
41 Community R-VI	004-106	315	Audrain	05/08/19	\$ 1,850,000.00	\$ 1,850,000.00	\$ -

SCHOOL	DISTRICT #	STUDENT ENROLL	COUNTY	PROJECT DATE	TOTAL SIZE	NEW MONEY AMOUNT	REFUNDING AMOUNT
42 Canton R-V	056-015	525	Lewis	05/14/19	\$ 2,500,000.00	\$ 2,500,000.00	\$ -
43 Houston R-I	107-152	1,100	Texas	05/07/19	\$ 6,000,000.00	\$ 6,000,000.00	\$ -
44 Brunswick R-II	021-149	293	Chariton	05/21/19	\$ 1,700,000.00	\$ 1,700,000.00	\$ -
45 Grandview R-II	050-002	757	Jefferson	05/22/19	\$ 2,750,000.00	\$ 2,750,000.00	\$ -
46 Wellington-Napoleon R-IX	054-043	410	Lafayette	05/23/19	\$ 2,000,000.00	\$ 2,000,000.00	\$ -
47 Buchanan County R-I	011-079	319	Buchanan	06/30/19	\$ 1,500,000.00	\$ 1,500,000.00	\$ -
48 Higbee R-VIII	088-075	204	Randolph	05/24/19	\$ 1,500,000.00	\$ 1,500,000.00	\$ -
49 Pleasant Hope R-VI	084-006	799	Polk	06/06/19	\$ 1,180,000.00	\$ 1,180,000.00	\$ -
50 West St. Francois County R-I	094-087	1,045	St. Francois	05/14/19	\$ 1,800,000.00	\$ 1,800,000.00	\$ -
51 Grain Valley R-V	048-069	4,433	Jackson	05/29/19	\$ 6,000,000.00	\$ 6,000,000.00	\$ -
52 Monroe City R-I	069-106	750	Monroe	05/29/19	\$ 8,500,000.00	\$ 8,500,000.00	\$ -
53 Palmyra R-I	064-074	1,106	Marion	05/31/19	\$ 3,500,000.00	\$ 3,500,000.00	\$ -
54 Meadville R-IV	058-108	247	Linn	05/31/19	\$ 1,200,000.00	\$ 1,200,000.00	\$ -
55 Hurley R-I	104-041	203	Stone	06/26/19	\$ 400,000.00	\$ 400,000.00	\$ -
56 Southwest R-V	005-121	776	Barry	06/13/19	\$ 2,200,000.00	\$ 2,200,000.00	\$ -
57 Warsaw R-IX	008-107	1,248	Benton	06/04/19	\$ 6,000,000.00	\$ 6,000,000.00	\$ -
58 Lawson R-XIV	089-080	1,161	Ray	06/04/19	\$ 1,600,000.00	\$ 1,600,000.00	\$ -
59 Hillsboro R-III	050-003	3,429	Jefferson	06/06/19	\$ 3,060,000.00	\$ -	\$ 3,060,000.00
60 Raytown C-2 2019A	048-073	9,430	Jackson	06/04/19	\$ 27,010,000.00	\$ 27,010,000.00	\$ -
61 Logan-Rogersville R-III	039-139	2,267	Greene	06/04/19	\$ 8,000,000.00	\$ 8,000,000.00	\$ -
62 Cape Girardeau #63	016-096	4,261	Cape Girardeau	06/05/19	\$ 26,290,000.00	\$ 8,000,000.00	\$ 18,290,000.00
63 Bowling Green R-I A	082-100	1,340	Pike	06/06/19	\$ 3,580,000.00	\$ 3,580,000.00	\$ -
64 Farmington R-VII	094-078	3,994	St. Francois	06/07/19	\$ 10,000,000.00	\$ 10,000,000.00	\$ -
65 Raytown C-2 2019B	048-073	9,430	Jackson	06/04/19	\$ 10,885,000.00	\$ 10,885,000.00	\$ -
66 East Prairie R-II	067-055	1,178	Mississippi	06/04/19	\$ 7,500,000.00	\$ 7,500,000.00	\$ -
67 Troy R-III	057-003	6,435	Lincoln	06/11/19	\$ 14,850,000.00	\$ 14,850,000.00	\$ -
68 Washington	036-139	4,121	Franklin	06/11/19	\$ 26,000,000.00	\$ 26,000,000.00	\$ -
69 Strafford R-VI	039-137	1,280	Greene	06/12/19	\$ 7,500,000.00	\$ 7,500,000.00	\$ -
70 Bowling Green R-I 2019B	082-100	1,340	Pike	06/06/19	\$ 2,905,000.00	\$ 2,905,000.00	\$ -
71 Hannibal #60	064-075	3,565	Marion	06/06/19	\$ 14,500,000.00	\$ 14,500,000.00	\$ -
72 Steelville R-III	028-103	974	Crawford	06/12/19	\$ 3,000,000.00	\$ 3,000,000.00	\$ -
73 Lafayette County C-1	054-039	976	Lafayette	06/20/19	\$ 6,500,000.00	\$ 6,500,000.00	\$ -
74 Holden R-III	051-152	1,176	Johnson	06/25/19	\$ 4,500,000.00	\$ 4,500,000.00	\$ -
75 Pettis County R-V	080-116	330	Pettis	06/26/19	\$ 1,500,000.00	\$ 1,500,000.00	\$ -
76 Potosi R-III	110-029	2,226	Washington	06/30/19	\$ 4,700,000.00	\$ 4,700,000.00	\$ -
					\$ 705,885,000.00	\$ 611,755,000.00	\$ 94,130,000.00

total new money refunding